

Recordkeeping and Retention

RECORDKEEPING & RECORD RETENTION

4.1 LIHTC Recordkeeping

The LIHTC program requires owners to maintain project records in accordance with program requirements and to provide annual reports to their State Monitoring Agency documenting project occupancy. IRS regulations set forth in 26 CFR Part I - 1.42-5(b) [Section 11, R-57] specify the tax credit recordkeeping and record retention provisions that owners must follow to maintain compliance. Recordkeeping responsibilities include three types of project records:

- Tenant files
- Monthly unit data tracking
- Project files, including records regarding the use of facilities included in the project's eligible basis

An owner must keep records for each qualified low-income resident by building and unit number throughout the Compliance Period.

Owners must also provide two documents regarding a project's status:

- LIHTC Owner's Compliance Certification; *annually*
- Qualified Basis Tracking Sheet; *first credit year only*

Unit History information, though historically gathered on paper, is now gathered and submitted electronically. Owners and managers will be updated on changing technology.

Failure of the owner to provide reports in a timely manner when requested is regarded as noncompliance.

4.2 LIHTC Record Retention

The owner must retain the above-described records for the first year of the credit period for at least **6 years** beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period, meaning original files must be retained for **21 years**. All other records are

required to be retained for at least **6 years after the due date** (with extensions) for filing the federal income tax return for that year.

Federal rules require the record retention for each year within the Compliance Period, which is 15 years.